

**MINUTES OF THE MEETING OF  
THE OVERSIGHT COMMITTEE OF THE  
LOCAL GOVERNMENT PROPERTY INSURANCE FUND**

**Wednesday, April 30 2003**

**GEF Building  
125 South Webster Street  
Madison, WI 53702**

PRESENT: Vince Marchetti  
Eileen Mallow  
Dan Bubolz  
Phil Kress

GUESTS: Fred Haring – Conference Call  
Dennis Tweedale  
Dave Marchant

EXCUSED: Kevin Houlihan  
Jane Kovacik  
Peter Medley

Eileen Mallow called the meeting to order at 9:12 a. m.

Upon a motion made by Vince Marchetti and support by Dan Bubolz it was unanimously

Resolved, that the Agenda be approved as printed.

Eileen Mallow requested that the minutes of the previous Oversight Committee, held on November 15, 2002 be reviewed at the next Oversight Committee meeting.

Dave Marchant reviewed the Fund's Third Quarter Financial Statements for the period ending March 31, 2003. Total Policyholder Surplus is \$12.9 Million, which is \$4 Million less than the prior year-end although it is \$200,000 higher than the ending second-quarter surplus. Total year to date losses are approximately \$12.7 Million with \$6 Million of the losses coming from the "Ladysmith" storm. There are eight open reinsurance claims.

Year to date Direct Losses are 148% of Premium and the Combined Loss Ratio 162%. The Investment Pool balance is down by \$1.7 million since July 1, 2002 which therefore results in less investment income. With the average increase in premiums at approximately 80%, as of January 1, 2003, the Investment Pool Balance should start to increase and we should realize increased investment earnings.

The effect of the implemented rate increase is just starting to be realized in the earned premium figures. Even with the rate increases, the total policy counts are increasing slightly. The total policy count is 1,188 vs 1,183 for the previous fiscal year end.

Dennis Tweedale indicated that the actual amount of increases being reflected in the January and February renewals is approximately 60 – 65%. This is lower than the indicated 80% increase because about 25% of the policyholders are renewing with higher deductibles.

Dan Bubolz discussed the Deloitte & Touche, LLP Actuarial Report as of December 31, 2002, and recommendations as presented to the Rate Analysis Subcommittee and Advisory Committee. The report indicated that based upon the previous rate actions implemented; the rates for all lines of coverage are at adequate levels and should neither be increased nor reduced at this time. It was recommended that additional rate and surplus levels be reviewed as of December 31, 2003.

Vince Marchetti and Dan Bubolz reviewed the April 9, 2003 Advisory Committee Minutes and recommendations. Dan Bubolz indicated that the By-laws update was a “work-in-process” project and will provide up-dates, as they are available.

Dan Bubolz reported on the Reinsurance renewal terms for January 1, 2003 – December 31, 2003. Coverage was bound at a premium of approximately \$5 Million, including Terrorism Coverage with “no exclusions” reported by the broker. Dan indicated that the cost of the terrorism coverage is \$272,000. The annual aggregate retention increased from \$12 million to \$18 million. Under emergency rules, the Department of Administration handled the reinsurance placement thru their broker.

Dan Bubolz reported on the American Appraisal issues regarding the Milwaukee Metropolitan Sewage District valuation variance in the Statement of Values. The parties are continuing to work through the process to resolve the issues. Dan indicated the Fund would accept the Statement of Values amounts for a six-month renewal policy until they get the issues resolved. Coverage questions to address include the determination of coverage for tunnels and piping more than 100 feet from a structure.

Eileen Mallow requested that the Fund be aggressive on subrogation where possible. She indicated that Nick Alioto requested OCI to study the feasibility of putting together a Legislative policy to make “responsible parties” pay for loss or damage they cause to public property. Eileen will request that as part of the OCI Legislative Package, the courts be encouraged to order restitution for all damages – not just the deductible.

Dan Bubolz explained that the Fund continues to work towards being able to participate in the national Flood Program’s write Your Own Project. The Fund is one of one of five public entities selected, but none have begun writing the coverage at this time. The largest concern regarding the program for a public entity is being able to write blanket coverage type policy.

Upon a motion made by Vince Marchetti and support by Dan Bubolz it was unanimously,

Resolved, that the Oversight Committee ratify the recommendation of the Advisory Committee Meeting of April 9, 2003 regarding rates.

Briefly this means the current rating structure will not be changed until July 1, 2004, and then changes will be based on the March 2004 actuarial rate review.

Dan Bubolz gave an up-date on the OCI and Fund Budget process. All Funds are required to give up some dollars however the LGPIF Operating Budget will remain intact for the next two years.

Upon a motion made by Vince Marchetti and support by Phil Kress it was unanimously,

Resolved, that the Oversight Committee is adjourned at 11:00 a.m. The next meeting date set for November 12, 2003 following the Advisory Committee meeting of October 29, 2003.

Respectfully submitted,

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Fred Haring

Date

ATTEST:

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Eileen Mallow

Date